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Agenda Item 3b

September 13, 2011

TO: MEMBERS OF THE AD HOC RISK MANAGEMENT COMMITTEE

- I. **SUBJECT:** Risk Management Committee Charter
(Second Reading)
- II. **PROGRAM:** Enterprise
- III. **RECOMMENDATION:** Recommend to the Board of Administration approval
of the Risk Management Committee Charter

IV. ANALYSIS:

On April 13, 2011, the Board of Administration approved the creation of a Risk Management Committee (Committee) as a permanent and standing committee by adopting Delegation Resolution No. BD-11-02. This Committee is responsible for assisting the Board in creating a comprehensive approach to risk management, including development of appropriate risk processes, formation of risk governance structures, and oversight of enterprise risk exposures and tolerances. The attached Risk Management Committee Charter (Attachment 1) reflects input received at the June Risk Management Committee meeting and outlines the committee authority, responsibilities, and meetings. It is presented today as a second reading. The updated Risk Management Committee Charter (Attachment 2) is included for approval.

The Risk Management Committee is responsible for approving the risk policy framework, establishing the enterprise risk appetite, overseeing the effectiveness of risk management processes, and overseeing independent reassurance of management's reports. Specific risks will be managed by the appropriate board committees, but the Risk Management Committee will confirm that appropriate oversight is provided and risk management efforts are coordinated across committees. Where risks impact several board committees, the Risk Management Committee will take ownership. A general description of Enterprise Risk Management roles and responsibilities is provided as Attachment 3.

V. STRATEGIC PLAN:

This item is part of the Strategic Plan, Enterprise Priority 3 – Building Internal Strength. Specifically, it supports objective 3, to institute an Enterprise Risk Management function to effectively evaluate, monitor, and manage risk across the organization.

VI. RESULTS/COSTS:

N/A

LARRY JENSEN
Chief Risk Officer
Office of Enterprise Risk Management

RUSSELL G. FONG
Acting Chief Financial Officer

Attachments